

ENACT, ENCOMPASS, ENCOMPASS SMA

PART 2A

APPENDIX 1

PROGRAM BROCHURE

Current as of March 31, 2022

Securities America Advisors, Inc.

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This brochure provides information about the qualifications and business practices of Securities America Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (800) 747-6111. Securities America Advisors, Inc. is registered with the Securities and Exchange Commission (SEC) as a registered investment adviser. Registration does not imply any level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Securities America Advisors, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

Securities America Advisors, Inc. filed its last annual amendment to its Form ADV Part 2A Appendix 1 ("Appendix 1") on March 30, 2021. Since then, the following change has occurred:

- Item 4 – Services, Fees and Compensation: The Firm has eliminated the conflict of interest where the Advisory Representative pays the separate transaction costs.
- Item 4 – Services, Fees and Compensation: With regard to any assets invested in mutual funds that are advised by SAA or an affiliate of SAA (as described in the Firm's 2A at www.securitiesamerica.com), the assets will be excluded from the calculation of the Administrative Fee.
- Item 4 – Services, Fees and Compensation: The surcharge fee is no longer paid by your Advisory Representative in Enact and Encompass advisor managed wrapped accounts and will now be paid by the client.
- Item 4 – Services, Fees and Compensation: The Confirmation Fee and Prospectus Fee are no longer being waived.
- Item 9 – Additional Information: The disclosure of disciplinary action related failure to implement policies and procedures for the review of automatically generated surveillance alerts was added.

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Item 4 - Services, Fees and Compensation

The Enact, Encompass and Encompass SMA Programs ("Program") is sponsored by Securities America Advisors, Inc. ("SAA", the "Firm," "us" or "we" or "our"), an SEC-Registered Investment Adviser. Securities America Advisors, Inc. ("SAA") is registered as an investment advisor with the Securities and Exchange Commission ("SEC"), SEC File No. 801-45628, in order to offer investment advisory products and services to its advisory clients. Securities America, Inc. ("SAI"), SAA's broker-dealer affiliate, is registered with the SEC as a broker-dealer engaged in the offer and sale of securities products and is a member of the Financial Industry Regulatory Authority ("FINRA"). Advisory products and services are offered through certain Financial Advisors ("FAs") who have registered as Investment Advisor Representatives ("Advisory Representative"). Registration does not imply a certain level of skill or training. SAA and SAI are wholly owned subsidiaries of Securities America Financial Corporation (SAFC). SAFC is a wholly owned subsidiary of Advisor Group Holdings, Inc. ("AGHI"), which is owned primarily by a consortium of investors through RCP Artemis Co-Invest, L.P., an investment fund affiliated with Reverence Capital Partners LLC. The consortium of investors includes RCP Genpar Holdco LLC, RCP Genpar L.P., RCP Opp Fund II GP, L.P. and The Berlinski Family 2006 Trust.

SAA will henceforth be referred to as "we", "us", "our" or the "Firm".

The Program is presented to the client ("you") by Advisory Representatives of SAA or an independent registered investment adviser firm (collectively "Advisor"). Please refer to the Advisor's Form ADV 2A to determine if your Advisor is SAA or an independent registered investment adviser firm.

You will enter into an investment advisory client agreement ("Client Agreement") with us and establish a brokerage account ("Program Account") on a fully disclosed basis with SAI. SAI is a Related Person to us and there are conflicts of interest that are further described herein and/or within the Form ADV 2A. Related Persons are defined as entities that we control or control us or are under common control with us.

Advisory Services

The Enact, Encompass and Encompass SMA Programs are not being offered to new customers and are only available to the existing owners of the Transferred SSNAI Accounts.

The Enact, Encompass and Encompass SMA Programs (collectively, "Program") is sponsored by SAA. In September 2020, SAA entered into an agreement with SSN Advisory, Inc. ("SSNAI"), a registered investment advisor, and Securities Service Network, LLC ("SSN"), SSNAI's affiliated broker/dealer, to acquire certain advisory business and Advisory Representatives (the "Transferred SSNAI Accounts"). As a result of this agreement, SAA and SAI replaced SSNAI and SSN, as the associated registered investment advisor and broker/dealer, respectively, on the Transferred SSNAI Accounts in the Program.

If you have assets in one of the Transferred SSNAI Accounts, the Enact, Encompass and Encompass SMA programs provide you with investment advisory and brokerage execution services for fee through an arrangement with Envestnet ("Envestnet"), an unaffiliated SEC-registered investment advisor that provides investment management and investment advisory services. Envestnet's technology assesses and assists your Advisory Representative in determining your risk tolerance. Based upon your risk tolerance, the Enact, Encompass and Encompass SMA Program utilizes a system that assists your Advisory Representative in selecting investment products, program account types and/or asset allocation that align(s) with your risk tolerance.

Our Advisory Representatives' services are tailored to the individual needs of their clients. Our Advisory Representatives assist with establishing and monitoring your investment objectives, risk tolerance, asset allocation goals and time horizon. You have the opportunity to place reasonable restrictions or constraints on the way your accounts are managed; however, such restrictions can cause your Advisory Representative to deviate from a strategy or recommendations that your Advisory Representative would have made if such restrictions or constraints were not in place. Thus, your account's performance can be lower than it otherwise would have been.

The types of securities and other investments that our Advisory Representatives recommend to you under each program are as follows:

Enact and Encompass Programs

Your Advisory Representative will develop an asset allocation strategy consistent with your investment objectives, financial and tax status, risk tolerance and time horizon. Our Advisory Representatives may recommend to you investments from a diverse group of securities, including exchange listed and NASDAQ traded stocks, bonds and warrants, as well as exchange traded real estate investment trusts, select fee-based non-traded alternative investment products, secondary market closed-end investment company securities, secondary market unit investment trusts, NTF mutual funds, load-waived mutual funds purchased at Net Asset Value ("NAV"), no-load mutual funds, select variable annuity products, cash equivalents and other securities. Once the basic asset allocation strategy is determined, your existing assets may be liquidated (or transferred into the appropriate account) and invested into the investment vehicles chosen by you and your Advisory Representative. Reallocation of assets will trigger taxable events except where Individual Retirement Accounts, 401(k) Accounts, 403(b) Accounts or other qualified retirement plans or accounts are involved. Asset management services are provided on a discretionary or non-discretionary basis at your option.

If you choose to provide SAA with discretion you have empowered your Advisory Representative to buy and sell securities without your prior knowledge. If you receive asset management services, you may contract for quarterly reports that indicate the following information as of the last day of each calendar quarter: (1) all asset class positions, (2) the specific investment vehicles included in each asset class and (3) the dollar amount invested in each investment vehicle. These programs are custodied at National Financial Services, Inc. ("NFS") or Pershing, LLC ("Pershing") and administered through the Envestnet, Inc. platform.

Encompass SMA Program

Encompass SMA is a discretionary asset management program, offered through Advisory Representatives of SAA and by other independently registered investment advisors (collectively referred to as "Advisors"). For Encompass SMA, SAA uses the asset allocation and model portfolio construction services of various portfolio or model managers (collectively referred to as "Model Manager(s)"). Model Managers provide investment strategies or model portfolios (collectively referred to as "Model(s)") with underlying holdings consisting of various securities including, but not limited to, stocks, bonds, open-end mutual funds and/or exchange-traded funds (collectively referred to as "Securities"). Model Managers are responsible for the construction of the Models, selection of securities for the Models, on-going monitoring of the Models and communication of Model changes to SAA. SAA, acting as discretionary overlay manager, implements any changes in Model allocations and Securities selections in client accounts. Certain Model Managers also have the discretionary authority to place trades in your account without your prior knowledge. Asset allocations and/or securities in the Models can be adjusted or replaced at any time. Reallocating assets can trigger short-term redemption fees and will trigger taxable events except where Individual Retirement Accounts or other qualified retirement plans or accounts are involved.

Based on investment objectives, financial and tax status, risk tolerance and time horizon information you provide to your Advisor, your Advisor will assist you in choosing an appropriate Model(s). Your initial selection of one or more Models will be set forth in Schedule A of the Encompass SMA Agreement ("Agreement"). SAA has the discretionary authority to replace any Model Manager or Model selected at any time. Any restrictions on management of an account imposed by you can cause the Model to deviate from the Model construction decisions made by the Model Manager. There is no guarantee that a Model will achieve your investment objectives.

One or more Model Managers available for use in the Encompass SMA Program are affiliated entities of SAA. Selecting, recommending or promoting the use of its affiliated entity is a conflict of interest for SAA due to the additional compensation received by such affiliate.

This program is custodied at National Financial Services, Inc. ("NFS") or Pershing, LLC ("Pershing") and administered through the Envestnet, Inc. platform.

Program Costs

The maximum annual fee for participation in the Enact, Encompass and Encompass SMA Programs is 2.50% and is negotiable. Fees are paid either in advance or arrears.

Advisory fees due to SAA are deducted from the client's account when due. SAA will liquidate money market shares to pay the fees and, if insufficient money market shares or cash are available, other investments will be liquidated to pay the fees. The investment(s) to be liquidated will be selected at random by your Advisory Representative. Authorization for the automatic deduction of fees from your account(s) is contained in the Agreement.

Fees are calculated on your account(s) in accordance with the Agreement on a monthly or quarterly basis. Unless otherwise agreed to by contract, the fee is calculated based upon either:

- i. the average daily value of your account computed and payable in advance or arrears during the preceding month or quarter, as determined by your advisory services agreement; or
- ii. the fair market value of the assets in the account payable in advance or arrears as of the end of the month or quarter, as determined by your advisory services agreement.

Fee Schedules are either tiered or linear:

- i. Tiered fee schedule - similar to our current income tax system. Each level of assets is charged its own corresponding percentage rate. For example, a tiered fee schedule might charge 2.5% on the first \$250,000, 1.75% on the next \$250,000 and 1.5% on the next \$250,000, effectively giving you a blended and lower rate than the maximum 2.5%.
- ii. Linear fee schedule - as your assets grow and breakpoints are met, fees are decreased. Unlike the tiered fee schedule, once a breakpoint has been met all of the assets back to dollar one is then charged at the new lower percentage rate.

The selection of certain fee calculation combination options as outlined above can cost you more or less than the selection of other fee calculation combination options. You and your Advisory Representative can choose to "bundle" or combine multiple accounts for billing purposes. Bundling can allow you to reach higher tiers or breakpoints which can result in lower overall costs than if your accounts are not bundled.

The specific fees under each program are as follows:

Enact and Encompass

- The annual platform fee for Enact ranges from 0.20% to 0.01% based on your total assets on the Enact and Encompass platform. As you add assets to the platform, the platform fee will be reduced ("Breakpoint").
- The annual platform fee can be increased in the future.
- Certain mutual funds are available on the Enact and Encompass platform for no transaction fees.
- All other transactions will bear certain transaction costs which will be fully disclosed. For more information on transaction costs, please refer to Item 12 Brokerage Practices.

The Enact and Encompass Program is offered alternatively as an Account with separate advisory fees and transactions ("Unwrapped Fee") or as an account where no separate transaction charges apply, and a single fee is paid for all advisory services and transactions ("Wrap Fee").

If the advisory agreement is terminated and services have not been fully rendered for fees paid in advance, a pro-rated fee will be calculated and returned to the account of record, or a single account if householding was implemented by the client and will include any unearned fees based on the dates and times of the notice of termination and the remaining days left in the contract billing period.

Encompass SMA

Each account in Encompass SMA will generally be charged an asset-based fee ("Wrap Fee") in advance on a quarterly basis. The Wrap Fee will be calculated based on the ending account balance as of the prior quarter end. The Wrap Fee includes the Model fee and the fee payable to your Advisor and includes custody, trading and performance reporting costs. Model Manager fees will range from 0.20% to 1.50%. The maximum Wrap Fee is 2.50% and is negotiable between you and your Advisor. The actual fee rates paid by you will be set forth in Schedule A of the Agreement. The amount of compensation received by your Advisor from Encompass SMA can be more than what he or she would receive if you participated in other programs or paid separately for investment advice, brokerage and other services. Therefore, your Advisor could have a financial incentive to recommend Encompass SMA over other programs or services.

Fees for Encompass SMA accounts opened prior to July 27, 2015, will be billed in arrears as set forth in the Agreement signed by the clients at account opening.

SAA will deduct advisory fees directly from clients' accounts in accordance with the language specified in the client agreement. Fee deduction will be made by the qualified custodian holding your funds and securities. Further, the qualified custodian agrees to deliver a monthly or quarterly account statement directly to you (never through SAA) showing all disbursements from the account. You are encouraged to review all account statements for accuracy. SAA will form a reasonable belief that such statements are delivered to you. You can terminate authorization for automatic deduction of the fee by notifying your Advisory Representative in writing. In turn, your Advisory Representative will notify the SAA home office promptly and your account will be closed.

You should immediately inform us of any discrepancy noted between the qualified custodian records and the reports you receive from us. Discrepancies can occur because of reporting dates, accrual methods of interest, dividends and other factors. The custodial statements you receive on a monthly and/or quarterly basis are from a qualified custodial company that is operationally independent of SAA or the Advisory Representative and serve as the official record of your accounts maintained with the qualified custodian for tax purposes.

Either party can terminate the Agreement at any time on thirty (30) days' prior written notice. A pro rata portion of any Wrap Fee paid by the client in advance will be remitted to the client based on the number of days left in the quarter following receipt of the notice of termination by SAA.

Encompass SMA can cost you more or less than purchasing similar services separately. Factors to consider include the type and size of the account, the securities to be bought or sold and the historical and/or expected size or number of trades. Your Wrap Fee may be more or less than the Wrap Fee of other Encompass SMA clients. You and your Advisory Representative can choose to "bundle" or combine multiple accounts for billing purposes. Bundling can allow you to reach higher tiers or breakpoints which can result in lower overall costs than if your accounts are not bundled. SAA does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets). Your Advisory Representative may receive more compensation for the Encompass SMA program than if you participated in other available programs offered, or paid separately for investment advice, brokerage, and other services. Thus, the Advisory Representative may have a financial incentive to recommend Encompass SMA over other programs or services.

Some Advisory Representatives may generate account statements or performance reports for clients. You are urged to compare the account statements from the custodian with those from your Advisory Representative.

General Information Concerning Fees and Other Client Charges

Confirmation & Prospectus Paper Fees

In addition to the fees discussed above, Confirmation and Prospectus Paper Fees also apply to your Program account.

The Confirmation Fee can be avoided by signing up for electronic delivery. Your Advisory Representative can also choose to pay this fee on your behalf. Refer to the trade confirmation to determine if this fee applies to you.

The Prospectus Fee can be avoided by signing up for electronic delivery. The Prospectus Fee is paid by your Advisory Representative.

In cases where your Advisory Representative pays the above fees, there is an incentive for your Advisory Representative to trade less often or to recommend different products to avoid the fee. Our policy and procedures are designed to ensure our Related Persons make recommendations to you that are in your best interest. Furthermore, to mitigate this conflict, you can sign up for electronic delivery.

For more information on these charges, please ask your Advisory Representative or please refer to the [Client Fee Disclosure - Pershing Clearing](#) and [Client Fee Disclosure - NFS Clearing](#) located at www.securitiesamerica.com/disclosures to find additional details regarding custodial fees.

Mutual Funds

Please be aware that Account Fees are charged on all mutual fund shares that are designated as Program Investments, including shares on which you have previously paid a sales charge. Also, to the extent that cash used for investments in an account comes from redemptions of your other non-managed mutual fund investments, you should consider the cost, if any, of the sales charge(s) previously paid and redemption fees that would be incurred. Such redemption fees would be in addition to the Account Fee on those assets. Please be aware that such redemptions and exchanges between mutual funds that participate in the Program might have tax consequences, which should be discussed with your independent tax adviser.

You will bear a proportionate share of the fees and expenses of any mutual funds selected and for money market funds used as “sweep vehicles” for uninvested cash balances. These fees and expenses typically include investment advisory, administrative, distribution, transfer agent, custodial, legal, audit and other customary fees and expenses related to investment in Funds and are in addition to the Account Fee. Please read the prospectuses of the funds selected for a more complete explanation of these fees and expenses.

You have the option to purchase shares of mutual funds outside of the Program directly from the mutual fund issuer, its principal underwriter or a distributor without purchasing the services of the Program or paying the Account Fee on such shares (but subject to any applicable sales charges). Certain mutual funds are offered to the public without a sales charge. In the case of mutual funds offered with a sales charge, the prevailing sales charge is determined by the mutual fund (as described in the mutual fund prospectus) and may be more or less than the applicable account fee.

Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to the more commonly offered retail share classes (typically, Class A, B, and C shares), certain mutual funds also offer institutional share classes and other share classes that are specifically designed for purchase in an account enrolled in fee-based investment advisory programs. Institutional share classes or classes of shares designed for purchase in an investment

advisory program usually have a lower expense ratio than other share classes. Clients should not assume that they will be invested in the share class with the lowest possible expense ratio.

With regard to any assets invested in mutual funds that are advised by SAA or an affiliate of SAA, the assets will be excluded from the calculation of the administrative fee.

Retirement Accounts

There are additional fees relating to IRA and Qualified Retirement Plan accounts such as maintenance and termination fees. You will find these fees disclosed in the account application paperwork provided to you associated with these accounts.

Accordingly, you should review the Account Fee and the other fees outlined above to fully understand the total amount of fees you pay.

Depending upon the level of the Account Fee, your Advisor may receive more compensation:

- 1) as a result of your participation in the Program than if you participate in other programs that your Advisor offers.
- 2) if your Advisor charges you the Wrap Account Fee which wraps management, administrative and transaction costs into one fee rather than having you pay for these services separately.

As such, your Advisor could have a financial incentive to recommend the Program to you over other programs or services.

Advisory Representatives have the ability to purchase certain securities products outside of an advisory account, but which are held in the client's advisory account. Though these assets are not subject to the advisory account fee, you should be aware that the purchases are subject to commissions or loads which are earned by the Advisory Representative.

Illiquid and Alternative Investments

There is a \$35.00 annual fee charged for registered daily NAV REITs.

Surcharge Fees Imposed on Your Account

A surcharge of up to \$10 is assessed to you for transactions in certain mutual funds. The surcharge applies to each purchase and sale transaction for such mutual funds but excludes exchanges and periodic investments. Upon request, your Advisory Representative will provide you with a list of mutual funds subject to the surcharge fee. This list is subject to change from time to time. For additional information regarding these fees, please refer to the [Client Fee Disclosure - Pershing Clearing](#) and [Client Fee Disclosure - NFS Clearing](#) located at www.securitiesamerica.com/disclosures to find additional details regarding custodial fees.

Sweep Program

When your Program Account is maintained at Pershing or NFS, as part of the Sweep Program, your Free Credit Balance will be automatically deposited or "swept" to a deposit account at one or more banks whose deposits are insured by the FDIC (up to applicable limits) or, in limited cases, a money market mutual fund product (collectively, the "Sweep Program").

As set forth in the terms of your Customer Agreement with SAI, you may remove your Program Account from participating in the Sweep Program by notifying your Advisory Representative. In addition, there are always alternatives for the short-term investment of cash balances that may offer higher returns than the sweep options made available to you.

Sweep Program – Pershing

Eligible Products

1. FDIC Insured Deposit Program (*BDSP & ICAP*)
2. Money Market Mutual Fund

Accounts custodied at Pershing will be eligible for the Pershing sweep program the (“Sweep Program – Pershing”). The Sweep Program – Pershing automatically transfers free credit balances in your account to a deposit account at one or more banks whose deposits are insured by the Federal Deposit Insurance Corporation (the Bank Deposit Sweep Program (“*BDSP*”) or the Insured Cash Account Program (“*ICAP*”)) or, in limited cases, to a money market mutual fund product (the “Money Market Mutual Fund Program”).

FDIC Insured Deposit Program (*BDSP & ICAP*)

Eligible account types: all accounts except ERISA Title 1 accounts, 403(b)(7), & Keogh plans

Free credit balances swept to a deposit account earn interest that is compounded daily and credited to your account monthly. Interest begins to accrue on the date of deposit with the banks participating in the program (“Program Banks”), through the business day preceding the date of withdrawal from the deposit account. The daily rate is 1/365 (or 1/366 in a leap year) of the posted interest rate.

Bank Deposit Sweep Program - *BDSP*

SAI has established deposit levels or tiers which ordinarily pay different rates of interest on different deposit balances; accounts with higher deposit balances may receive higher rates of interest than those with lower balances. The amount of interest you receive on deposit accounts will be determined by the amount of interest paid by the Program Banks, minus the amount of fees charged by Pershing, SAI, and other service providers. Interest rates paid on the deposit accounts may be higher or lower than interest rates available to depositors making deposits directly with Program Banks or with other depository institutions in comparable accounts. The amount of fees received by SAI, Pershing, and any other service provider reduces the interest you receive on your deposit account(s). Your Advisory Representative does not receive any portion of the fees paid by the Program Banks.

Insured Cash Account Program - *ICAP*

SAI will receive a monthly per-account fee (not to exceed \$21.25) for services it provides in connection with maintaining and administering the Sweep Program for IRA accounts held in an advisory/ fee-based office range (the “Sweep Account Fee”). The Sweep Account Fee is not based on the amount of assets in the FDIC Program or in your Program Account, and it does not depend on or vary with (and is not affected by) the actual amounts held in the deposit accounts or your Program Account. The Sweep Account Fee will reduce the interest you are paid on the amount of assets in your Program Account. The Sweep Account Fee will generally be paid by the Program Banks on your Program Account’s behalf; however, the Fee or a portion thereof may be deducted directly from your Program Account if, for example, the amounts paid by the Program Banks are insufficient to cover the Fee. In a low interest rate environment, SAI at its discretion may decide to waive (that is, to not collect) all or a portion of the Fee paid by the Program Banks. Waiving all or a portion of the Sweep Account Fee will reduce the impact of the Fee on the interest you receive. Under this Program, SAI will receive a fee from the Program Banks in connection with the deposit accounts. The fee received may differ among each Program Bank. You will have no rights to the amounts paid by the Program Banks, except for interest actually credited to your account. The amount of fees received by SAI, Pershing, and any other service provider reduces the interest you receive on your deposit account(s).

Your Advisory Representative does not receive any portion of the fees paid by the Program Banks.

Money Market Mutual Funds

Free credit balances in the following brokerage account types will be automatically swept into the Federated Hermes Government Reserves Fund (“Fund”) (GRFXX), which is managed by Federated Hermes Investors (“Federated Hermes”):

- All ERISA Title 1 account types, including Profit Sharing Plans, 401(k), Roth 401(k), Simple 401(k), Individual 401(k), qualified deferred compensation plans, defined benefit plans, target benefit plans, and money purchase pension plans
- 403(b)(7) accounts
- Keogh plans

The Federated Hermes Government Reserves Fund is a money market mutual fund and seeks to maintain a stable share price of \$1.00. The Fund invests primarily in a portfolio of short-term U.S. Treasury and government securities. These investments include repurchase agreements collateralized fully by U.S. Treasury and government securities. The Fund uses repurchase agreements to provide a liquidity base for the portfolio and a potential yield advantage relative to other short-term securities. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

SAI does not receive any additional compensation from the Fund.

For additional information about the [Sweep Program](http://www.securitiesamerica.com/disclosures-sweep-program-resources) please visit our website located at www.securitiesamerica.com/disclosures-sweep-program-resources.

Sweep Program – NFS

Eligible Products

1. FDIC Insured Deposit Program (*BDSP & ICAP*)
2. Money Market Mutual Fund

Accounts custodied at NFS will be eligible for the NFS sweep program, the (“Sweep Program – NFS”). The Sweep Program automatically transfers free credit balances to a deposit account at one or more banks whose deposits are insured by the Federal Deposit Insurance Corporation (the Bank Deposit Sweep Program (“BDSP”) or the Insured Cash Account Program (“ICAP”)) or, in limited cases, to a money market mutual fund product (the “Money Market Mutual Fund Program”).

FDIC Insured Deposit Program (*BDSP & ICAP*)

Eligible account types: all accounts except ERISA Title 1 accounts, 403(b)(7), & Keogh plans

Free credit balances swept to a deposit account earn interest that is compounded daily and credited to your account monthly. Interest begins to accrue on the date of deposit with the banks participating in the program (“Program Banks”), through the business day preceding the date of withdrawal from the deposit account. The daily rate is 1/365 (or 1/366 in a leap year) of the posted interest rate.

Bank Deposit Sweep Program – *BDSP*

SAI has established deposit levels or tiers which ordinarily pay different rates of interest on different deposit balances; accounts with higher deposit balances may receive higher rates of interest than those with lower balances. The amount of interest paid on deposit accounts will be determined by the amount of interest paid by the Program Banks, minus the amount of fees charged by SAI, NFS, and other service providers. Interest rates paid on the deposit accounts may be higher or lower than interest rates available to depositors making deposits directly with any Program Banks or with other depository institutions in comparable accounts. Your Advisory Representative does not receive any portion of the fees paid by the Program Banks. The amount of fees received by SAI, NFS, and any other service provider reduces the interest you receive on your deposit account(s).

Insured Cash Account Program – *ICAP*

SAI will receive a monthly per-account fee (not to exceed \$26) for services it provides in connection with maintaining and administering the Sweep Program for IRA accounts held in an advisory/fee-based office range (the “Sweep Account Fee”). The Sweep Account Fee is not based on the amount of assets in the

FDIC Program or your Program Account, and it does not depend on or vary with (and is not affected by) the actual amounts held in the deposit accounts or your Program Account. The Sweep Account Fee will generally be paid by the Program Banks on your Program Account's behalf; however, the Fee or a portion thereof may be deducted directly from your Program Account if, for example, the amounts paid by the Program Banks are insufficient to cover the Fee. In a low interest rate environment, SAI at its discretion may decide to waive (that is, to not collect) all or a portion of the Fee paid by the Program Banks. Waiving all or a portion of the Sweep Account Fee will reduce the impact of the Fee on the interest you receive. Your Advisory Representative will not receive any portion of the fees paid by the Program Banks. The amount of fees received by SAI, NFS, and any other service provider reduces the interest you receive on your deposit account(s). Under this Program, SAI will receive a fee from the Program Banks in connection with the deposit accounts. The fee received may differ among each Program Bank. You will have no rights to the amounts paid by the Program Banks, except for interest actually credited to your account. The amount of fees received by SAI, NFS, and any other service provider reduces the interest you receive on your deposit account(s).

Your Advisory Representative does not receive any portion of the fees paid by the Program Banks.

Money Market Mutual Funds

Free credit balances in the following brokerage account types will be automatically swept into either the Fidelity Government Cash Reserves Fund (FDRXX), or the Fidelity Government Money Market Fund – Capital Reserves Class (FZAXX) (“Funds”), which are both managed by Fidelity Investments:

- All ERISA Title 1 account types, including Profit Sharing Plans, 401(k), Roth 401(k), Simple 401(k), Individual 401(k), qualified deferred compensation plans, defined benefit plans, target benefit plans, and money purchase pension plans
- 403(b)(7) accounts
- Keogh plans

The Fidelity Government Cash Reserves Fund and the Fidelity Government Money Market Fund are money market mutual funds and seek to maintain a stable share price of \$1.00 per share. Both Funds invest at least 99.5% of their total assets in cash, U.S. Government securities and/or repurchase agreements that are collateralized fully (i.e., collateralized by cash or government securities). Both Funds invest in U.S. Government securities issued by entities that are chartered or sponsored by Congress but whose securities are neither issued nor guaranteed by the U.S. Treasury. Although the Funds seek to preserve the value of your investment at \$1.00 per share, neither can guarantee they will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

SAI does not receive any additional compensation from the Funds.

For additional information about the [Sweep Program](http://www.securitiesamerica.com/disclosures-sweep-program-resources) please visit our website located at www.securitiesamerica.com/disclosures-sweep-program-resources.

Material Conflicts of Interest

Because the Sweep Program – Pershing and Sweep Program – NFS generate payments from third parties to SAI, a conflict of interest exists. A conflict of interest also arises because we earn more compensation from cash balances being swept to or maintained in the Sweep Program than if you purchase other investment funds or securities. This additional compensation is in addition to the management fee that SAA receives in connection with such assets pursuant to the client's advisory contract.

In addition, a conflict of interest arises as a result of the financial incentive for SAA and SAI to recommend and offer a Sweep Program over which they have control of certain functions. SAI has the ability to establish and change interest rates paid on Sweep Program balances, to select or change Participant Banks, and to determine the tier levels at which interest rates are paid, all of which generates additional compensation for SAI. SAI may earn up to a maximum of 400 basis points (4.00%) annually on the amounts deposited with the Program Banks through the BDSP.

The Advisory Representative who makes investment recommendations for your Program Account does not receive any compensation from these payments or based on the selection of the sweep vehicle. The Firm maintains policies and procedures to ensure recommendations made to you are in your best interest.

Item 5 - Account Requirements and Types of Clients

Types of Clients

The Program is available to individuals (including high net worth individuals), banking or thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, state and municipal governmental entities, as well as other business entities.

Minimum Account Size

These Programs are closed to new clients and accounts. There is no minimum account requirement for the Enact, Encompass and Encompass SMA Programs.

Item 6 - Portfolio Manager Selection and Evaluation

Your Advisory Representative is the sole portfolio manager available with respect to the Enact and Encompass Program. Because your Advisory Representative is the portfolio manager in this Program you acknowledge that you have chosen him or her to act in this capacity. Advisory Representatives are selected by their Firms based on various criteria including experience. You should refer to the relevant Form ADV of the Firm with which your Advisory Representative is associated.

In the Encompass SMA Program, all Investment Managers are subject to a due diligence process which includes annual reviews designed to determine if a manager meets a sufficient level of quality and stability through their policies and practices. Investment Managers are evaluated using a variety of data and information from one or more resources, which include: public or private independent databases, responses to periodic due diligence questionnaires, quantitative and qualitative information, research, performance reports, and other pertinent information concerning the manager. While all Investment Managers are subject to a due diligence process, your Advisory Representative is responsible for determining whether any particular Fund or investment strategy is appropriate and suitable for use by you.

We select Strategists and perform periodic due diligence and reviews to ensure they are suitable for the Program. We select Third Party Managers for participation in the Program from a list provided by Envestnet. The Third Party Managers in the Program selected from the Envestnet list are considered "approved" or "available," depending on the level of due diligence performed. An explanation of how your Advisory Representative selects an Investment Manager can be found in Item 4 of this brochure under Advisory Services. If your situation changes and your Advisor determines that a particular selected Investment Manager is not managing your portfolio in a manner consistent with your current goals and investment objectives, your Advisor may recommend a different Investment Manager to re-align with your current stated goals and objectives.

On an ongoing basis, Envestnet reviews Third Party Managers participating in the Program to determine whether they continue to meet Envestnet's guidelines and evaluation criteria. If Envestnet detects relevant information at any time (including qualification and/or performance concerns), we will generally follow Envestnet's recommendation as to whether to continue to include the Third Party Manager as an investment suitable for the Program or add a Third Party Manager to the Program. We receive research, performance information and other information from Envestnet about Third Party Managers but do not independently verify or guarantee the accuracy or validity of this information received from Envestnet, or any other source. Further, there is a chance the performance information that we receive from Envestnet may not be calculated on a uniform or consistent basis.

For approved Third Party Managers, Envestnet employs a multi-phase approach in its evaluation (“Due Diligence”). As part of the Due Diligence, certain types of information are analyzed, including historical performance, investment philosophy, investment style, historical volatility and correlation across asset classes. Also reviewed are the Third Party Manager’s Form ADV Part 2 disclosure events, as well as portfolio holdings reports that help demonstrate the Third Party Manager’s securities selection process and the prospectuses of the Funds.

Certain Investment Managers may be added as an accommodation in certain limited circumstances, e.g., clients who wish to join the Program and want to retain previously hired managers not on our list. Your Advisor has the sole responsibility for assisting you in the selection of Investment Managers suitable for your investment objectives.

Neither we nor your Advisor make any representations regarding the future performance of any investment strategy of, or security recommended by, any Investment Manager participating in the Program. As always, past performance is not a guarantee of future results.

Item 7 - Client Information Provided to Portfolio Managers

Your Advisor provides us with access to the following client related information: (i) account opening documents (which include, among other things, your investment objective, risk tolerance and any account restrictions you imposed on management of assets); (ii) your investment guidelines (if applicable); and (iii) reports relating to the performance of your account. Please refer to the Firm’s Privacy Policy located at www.securitiesamerica.com/disclosures to find details.

Item 8 - Client Contact with Portfolio Managers

Client-Advisor Relationship

You are encouraged to contact your Advisor with respect to any changes regarding your investment objectives, risk tolerance and requested restrictions with respect to management of your Program Investments. You should direct any questions that you have regarding the Program to your Advisor.

Item 9 - Additional Information

Disciplinary Information

Disclosure of Disciplinary Actions Related to Failure to Implement Policies and Procedures to Prevent Misappropriation of Funds

On June 30, 2021, Securities America Advisors, Inc. (“SAA”) entered into a Settlement Order (“Order”) with the Securities Exchange Commission (“SEC”). The SEC found that SAA violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. More specifically, during the period of November 2014 to March 2018, SAA failed to implement policies and procedures for the review of automatically generated surveillance alerts before and after client disbursements to ascertain possible misappropriation.

Without admitting or denying the SEC’s findings, SAA agreed to cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act Rule 206(4)-7. SAA reimbursed clients for their losses and agreed to pay a civil monetary penalty totaling \$1,750,000 to the SEC.

Additionally, SAA agreed to retain the services of an independent consultant to conduct a comprehensive review of SAA’s policies and procedures designed to detect and prevent the misappropriation of assets from client accounts. We encourage all clients to review their official brokerage statements on a regular basis and report any concerns or irregularities with withdrawals to SAA.

Disclosure of Disciplinary Action Relevant to Business Development Corporation of America

On February 19, 2021, SAI and SAA (the "Firms") collectively entered into a Settlement Order ("Order") with the Commonwealth of Virginia State Corporation Commission ("Commission"). The Firms consented to the Order as a result of one representative's alleged conduct in his capacity as a registered representative of SAI and as an investment adviser representative of SAA. The representative was alleged to have violated Rule 21 VAC 5-20-280 (A) (3) of the Commission's Rules Governing Broker-Dealers ("B-D Rules") by recommending the purchase of the unsuitable Business Development Corporation of America ("BDCA"), as well as Rule 21 VAC 5-80-200 (A) (1) of the Commission's Rules Governing Investment Advisors ("IA Rules"). In the Order, the Commission alleged that the Firms failed to reasonably supervise one of its financial professionals for recommending the purchase of the unsuitable BDCA securities to a client.

Without admitting or denying the findings, the Firms agreed to purchase the remaining shares the client holds in BDCA for the full purchase price of \$50,000 and pay penalties and costs totaling \$25,000.

Disclosure of Disciplinary Action Related to the Sales of Complex Exchange-Traded Products

On November 13, 2020, Securities America Advisors, Inc. ("SAA") entered into a settlement agreement with the Securities and Exchange Commission ("SEC") and an administrative order has been issued by the SEC. The SEC found the Firm violated Section 206 and Rule 206(4)-7 of the Investment Advisers Act of 1940. More specifically, during the period from January 2016 through February 2018, SAA did not adopt and implement policies and procedures reasonably designed to prevent unsuitable investments by its investment advisor representatives in volatility-linked exchange traded products ("ETPs").

Without admitting or denying the SEC's findings, the Firm agreed to cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Advisers Act Rule 206(4)-7. The Firm also agreed to pay disgorgement, prejudgment interest, and a civil monetary penalty totaling \$603,776.82 to the Securities and Exchange Commission.

The SEC noted that SAA cooperated with the SEC and promptly took remedial steps to adopt policies and procedures that, with a few narrow exceptions, prohibited trading in volatility-linked ETPs.

Disclosure of Disciplinary Action Related to Mutual Fund Share Classes

While SAA neither admitted nor denied the SEC's findings, the SEC found that SAA breached its fiduciary duty, had inadequate disclosures and was deficient in its compliance policies and procedures in connection with SAA's mutual fund share selection practices.

During February 1, 2012 to December 31, 2016 (the relevant period), the SEC found that SAA's IARs invested advisory clients in mutual fund share classes charging 12b-1 fees and that SAI, SAA's affiliated broker/dealer, received 12b-1 fees based on those investments. SAI then paid a portion of the 12b-1 fees to its registered representatives who also acted as SAA IARs. The SEC found that SAA's disclosure documents failed to adequately inform clients that this was a conflict of interest because less expensive share classes were available for the same fund and that this made SAA's practice inconsistent with its duty to seek best execution for its clients' transactions.

Also during the relevant period, the SEC found that SAA failed to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and its Rules. The SEC found SAA's conduct violated Sections 206(2), 206(4) and 207 of the Advisers Act and Rule 206(4)-7.

On December 14, 2017, without admitting or denying the SEC's findings, SAA submitted an Offer of Settlement. On April 6, 2018, the SEC entered an order against SAA (File Number 3-18424) in which SAA was instructed to cease and desist from committing or causing violations of Sections 206(2), 206(4) and 207 of the Advisers Act and Rule 206(4)-7 thereunder. SAA was also censured and ordered to pay disgorgement of \$4,473,025.50, prejudgment interest of \$580,423.14 and a civil penalty of \$775,000.00. Clients can also refer to Investment Adviser Public Disclosure at www.adviserinfo.sec.gov for additional information.

Prior to the entry of the SEC's order, SAA implemented several policies to address the mutual fund share class selection practices described in the SEC's order. SAA now requires that its IARs complete all new purchases of mutual funds in advisory accounts at the lowest cost share class available to SAA, and SAA has worked with its clearing platforms to ensure compliance with this policy. Additionally, SAA has taken steps to convert mutual fund investments in all Class A shares (or comparable classes) to the lowest cost share classes available for the same funds at no costs or tax consequences to its existing advisory clients. For those shares that cannot be or have not yet been converted, SAA has implemented a policy to credit back any newly incurred 12b-1 fees to existing advisory clients.

Other Financial Industry Activities and Affiliations

Advisors that offer the Program may be "Related Persons" to us. You should see the ADV Part 2A of your Advisor that will be provided to you for information regarding any of their other financial industry affiliations and for any associated conflicts of interest.

Code of Ethics

We have adopted a Code of Ethics (the "Code") to address securities-related conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes our policies and procedures developed to protect your interests in relation to the following topics:

- The duty at all times to place your interests first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics and to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility;
- The principle that investment adviser personnel should not take inappropriate advantage of their positions;
- The fiduciary principle that information concerning the identity of security holdings and your financial circumstances is confidential; and
- The principle that independence in the investment decision-making process is paramount.

This response is only intended to provide you with a summary description of our Code of Ethics. Please refer to our Code of Ethics located at www.securitiesamerica.com/disclosures in its entirety for additional details.

It is SAA's policy to prohibit agency cross transactions where representatives act as brokers for both buying and selling a single security between two different clients and are compensated through an agency commission or principal mark-up for the trades. If we adopt a different policy in this area, we will observe all rules and regulations in accordance with the disclosure and consent requirements of Section 206(3) of the *Advisers Act*. Additionally, we are aware that such transactions only occur if we ensure that we meet our duty of best execution for the client.

Individuals who are covered by our Code ("Access Persons") can buy or sell securities identical to those recommended to you for their personal accounts. In addition, any of our Related Person(s) may have an interest or position in securities which are recommended to you. Our Code requires Access Persons to report their personal securities holdings for review by us.

Participation or Interest in Client Transactions

Your Advisor, who may be a Related Person to us, can recommend or buy and sell securities that it or its Related Persons' have a financial interest in. Please see the ADV Part 2A of your Advisor for further details on these financial interests and associated conflicts of interest.

“Step-out” Trades

Occasionally, in order to obtain best execution and minimize market impact, certain thinly traded securities, illiquid or ETF trades, for example, can be “stepped-out” in order to gain best execution and minimize market impact. In some instances, stepped-out trades are executed by the other firm without any additional commission or markup or markdown, but in other instances, the executing firm will impose a commission or a markup or markdown on the trade. If trades are placed with a firm that imposes a commission or equivalent fee on the trade, including a commission that is imbedded in the price of the security, the client will incur trading costs in addition to the fee you pay your Advisory Representative. It is important to know that you may pay a commission in addition to your advisory fee for those stepped-out trades. Envestnet has procedures in place to monitor these transactions. Envestnet’s Best Execution Committee meets quarterly to review the results of the documented monitoring conducted during the quarter. We periodically review Envestnet’s procedures and results may rely on a third party review as well.

Trade Errors

Occasionally, a trading error can occur where either we, or our Advisory Representatives, are at fault for effecting one or more erroneous securities transactions for a client’s brokerage account. If this occurs in your account, the error will be corrected, and your account will be restored to the same economic position had the error never occurred. In the process of restoring your account, a profit may be realized, or a loss suffered in connection with correcting this error. Neither losses nor gains realized will be passed on to you. As a result, trade corrections can result in a financial benefit to us or our affiliated broker/dealers.

Review of Accounts

Your Advisor periodically reviews your account and contacts you annually. For further account review details, please see the ADV Part 2A of your Advisor.

Indirect Compensation and Revenue Sharing Disclosure

The Advisor and Broker-Dealer offer a range of investments and services to its clients. As you work with your Advisory Representative to determine the right investments and services to achieve your investment goals, it is also important for you to understand how your Broker-Dealer, Advisor, and Advisory Representative are compensated. This is because various forms of compensation create potential conflicts of interest, and it is important for you to assess potential conflicts of interest in making investment decisions.

SAA, SAI, and our Related Persons maintain revenue sharing arrangements with certain mutual funds, (referred to as “Strategic Partner(s)”). Strategic Partners pay up to 30 basis points (0.30%) of your total purchase amount of a mutual fund. Additionally, some Strategic Partners make a quarterly payment or additional quarterly payment based on the assets you hold in the fund over a period of time of up to 18 basis points (0.18%) per year. Alternatively, the Firm and our Related Persons receive compensation from the mutual fund as: (1) a flat fee regardless of the amount of new sales or assets held in client accounts; or (2) the greater of such flat fee or amount based on assets and/or new sales as referenced above and any ticket charge payments referenced below.

SAA, SAI, and Related Persons do not accept the aforementioned mutual fund Strategic Partner revenue sharing payments on sales or assets held in investment advisory accounts of a plan subject to Title I of the Employee Retirement Income Security Act of 1974, described in section 4975(e)(1)(A) of the Internal Revenue Code (“Code”) or an individual retirement account or annuity described in Internal Revenue Code section 4975(e)(1)(B) – (F) (“Qualified Advisory Accounts”). Instead mutual fund Strategic Partners will pay a fixed dollar amount annual partnership fee of up to approximately \$475,000 in exchange for certain marketing and services provided by Broker-Dealers in connection with these account types.

Though Advisory Representatives do not receive additional compensation in connection with sales of these products, the Strategic Partners do have greater access to Advisory Representatives to provide training and other educational presentations and product information so that they can serve clients better.

You do not pay more to purchase Strategic Partner investment products through SAI or SAA than you would pay to purchase those products through another broker-dealer or RIA. Additionally, revenue-sharing payments received by SAI, SAA, or Related Persons are not paid to or directed to Advisory Representatives, and Advisory Representatives do not receive additional compensation for selling Strategic Partner products. Nevertheless, a potential conflict of interest exists, in that the Firm and our Related Persons are paid more if you purchase a Strategic Partner product, and Advisory Representatives may indirectly benefit from Strategic Partner payments when the money is used to support costs of product review, marketing or training, or for waiver of mutual fund ticket charges.

We maintain policies and procedures to ensure recommendations are suitable and require that Advisory Representatives always act in your best interest. We also maintain a supervisory structure to monitor the advisory activities of your Advisory Representative to reduce potential conflicts of interest. You are encouraged to ask us about any conflict presented.

To better understand how your Advisor and Advisory Representative are compensated, please refer to your Advisor's Form ADV Part 2A. For additional information regarding Broker-Dealer and SAA compensation please refer to the [Indirect Compensation Disclosure](#) located at www.securitiesamerica.com/disclosures.

Client Referrals and Other Compensation

As Program Sponsor, we receive a portion of the Account Fee as described in Item 4 above. For further details on compensation and other economic benefits that your Advisor receives, please see their ADV Part 2A.

Financial Information

Your Program assets will be custodied at National Financial Services, LLC or at Pershing LLC. The Program does not allow, require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We have no financial condition that might impair our ability to meet our contractual commitments to clients and have never been the subject of a bankruptcy proceeding.